

geographically described and has specific environmental sensitivities or significant soil, water, and related natural resource concerns. The pilot project area must have acreage enrolled in a production flexibility contract, which is authorized by the Agricultural Marketing and Transition Act of 1996. After these pilot project area proposals are received, the Chief, with FSA concurrence, will select proposals for funding.

(c) CCC will select pilot project areas based on the extent the individual proposal:

- (1) Demonstrates innovative approaches to conservation program delivery and administration;
- (2) Proposes innovative conservation technologies and system;
- (3) Provides assurances that the greatest amount of environmental benefits will be delivered in a cost effective manner;
- (4) Ensures effective monitoring and evaluation of the pilot effort;
- (5) Considers multiple stakeholder participation (partnerships) within the pilot area;
- (6) Provides additional non-Federal funding; and
- (7) Addresses the following:
  - (i) Conservation of soil, water, and related natural resources,
  - (ii) Water quality protection or improvement,
  - (iii) Wetland restoration and protection, and
  - (iv) Wildlife habitat development and protection,
  - (v) Or other similar conservation purposes.

#### § 1468.5 General provisions.

- (a) Program participation is voluntary.
- (b) Participation in the CFO is limited to producers of wheat, feed grains, cotton, or rice who have a production flexibility contract, in accordance with part 1412 of this chapter, on the farm enrolling in CFO and who are eligible for either CRP (7 CFR part 1410), EQIP (7 CFR part 1466), or WRP (7 CFR part 1467).
- (c) The participant is responsible for the development of a conservation farm plan for the farm or ranch and may request assistance from NRCS or a

third party in writing both the conservation farm plan and installing the practices outlined within the plan. Conservation practices in the conservation farm plan that would have been eligible for payment under CRP, EQIP, or cost-share agreements under WRP are eligible for CFO payment. The provisions for determining eligibility for payment and the calculation of payment under CFO will be similar to those specified for the eligible conservation practices under CRP, EQIP, or cost-share agreements under WRP. For land retirement payments, the CRP payment schedule in effect for the applicable soils at the time the CFO contract is signed will be utilized. CCC will provide annual payments to a participant for such conservation practices as specified in the time schedule set forth in the conservation farm plan.

#### § 1468.6 Practice eligibility provisions.

(a) Practices may be eligible for payment under CFO if the conservation practice specified in the conservation farm plan is determined to be an eligible practice, as determined by the Chief, in accordance with:

- (1) 7 CFR part 1410 for land retirement rental payments and practices that are eligible under CRP;
- (2) 7 CFR part 1467 for wetland restoration or protection practices that are eligible under WRP; or
- (3) 7 CFR part 1466 for conservation practices that are eligible under EQIP.

(b) For practices that are installed on retired land, the CRP cost-share rate for practices must be utilized.

#### § 1468.7 Participant eligibility provisions.

Participants in the CFO must at the time of enrollment:

- (a) Have a production flexibility contract in accordance with part 1412 of this chapter on the farm enrolling in CFO.
- (b) Agree to forgo earning future payments under the Conservation Reserve Program authorized by part 1410 of this chapter, the Wetlands Reserve Program cost-share payments authorized by part 1467 of this chapter, and Environmental Quality Incentives Program authorized by part 1466 of this chapter,